

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6869

BILL NUMBER: HB 1140

NOTE PREPARED: Feb 24, 2003

BILL AMENDED: Feb 17, 2003

SUBJECT: Health Facility License Fee.

FIRST AUTHOR: Rep. Brown C

FIRST SPONSOR: Sen. Miller

BILL STATUS: As Passed - House

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2003	FY 2004	FY 2005
State Revenues		335,333	335,333
State Expenditures		89,000	89,000
Net Increase (Decrease)		246,333	246,333

Summary of Legislation: (Amended) This bill increases the license fees for health facilities. The bill appropriates license fee increases to augment personal services funding for the Department of Health.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) *Medicaid Impact:* The license fee collected is an allowable administrative cost component for Medicaid nursing facility reimbursement purposes. The Medicaid-certified nursing facilities are estimated to recover approximately 68% of the cost of the fee through increased rates due to higher allowable costs. This bill could result in total additional Medicaid payments to the nursing facilities of \$228,026. The state share of the additional Medicaid cost would be \$86,650.

Impact on the State Veterans' Home: The Veterans' Home is licensed by the State Department of Health for 350 comprehensive care facility beds and 105 residential beds. It is estimated that this bill would result in increased annual expenditures for the Veterans' Home of approximately \$2,350 in state General Funds. The Veterans' Home is not a Medicaid-certified facility and would have no expected recovery of increased fees.

Explanation of State Revenues: (Revised) This bill would increase the revenue raised for license fees for comprehensive nursing facility beds. Currently, the health facility license fee is \$100 for the first 50 licensed beds and \$2.50 for each additional bed. This bill would increase the fees to \$200 for the first 50 beds and \$10 for each additional bed. The increase would result in additional revenue to the state of approximately \$335,333 using current Department of Health data that reported 564 facilities with 37,191 licensed comprehensive beds in excess of the initial 50 beds.

The bill would authorize the State Budget Agency to augment funding for personal services for the Department of Health in an unspecified appropriation. The augmentation is not to exceed additional revenue received as a result of an increase in the health facility license fee and an increase in fees on health care providers that are enacted after January 1, 2003. This provision would allow revenue associated with the increased fees to be expended by the Department rather than being transferred to the state General Fund.

The bill also would allow the increase in revenue from license fees for home health agencies that are increased after December 31, 2002, to be used to augment funding for personal services in the Department of Health. Currently, the fee is \$100 collected annually. In FY 2002, the Department collected \$33,900 in home health agency license fees from approximately 339 home health agencies. These fees are deposited into the state General Fund. The amount available for augmentation would depend upon administrative action.

Medicaid is a federal- and state-funded entitlement program. For every dollar spent on qualifying services in Indiana, the federal program reimburses the state about 62%.

Explanation of Local Expenditures: This bill would increase the license fees paid by county-owned health facilities by approximately \$3,240. About \$2,203 of the increased fees would be recovered through increased rates paid by Medicaid. See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: State Department of Health, Family and Social Services Administration, Office of Medicaid Policy and Planning, and the State Veteran's Home.

Local Agencies Affected: Nine local government-owned licensed nursing facilities.

Information Sources: Zach Cattell, Legislative Liaison for the State Department of Health, 317-233-2170; IDOH Web site www.in.gov/isdh/regsvcs/acc/lrcstats/characteristics.htm; and Evelyn Murphy, Director, Long Term Care, Office of Medicaid Policy and Planning, 317-233-6467.

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